

LEGAL NOTICE

STATE OF LOUISIANA, OFFICE OF CONSERVATION, BATON ROUGE, LOUISIANA.

In accordance with the laws of the State of Louisiana, and with particular reference to the provisions of Title 30 of Louisiana Revised Statutes of 1950, a public hearing will be held in the Hearing Room, 1st Floor, LaSalle Building, 617 North 3rd Street, Baton Rouge, Louisiana, at 9:00 a.m., on **WEDNESDAY, APRIL 24, 2002**, upon the application of **PINNACLE OPERATING COMPANY, INC.**

At such hearing the Commissioner of Conservation will consider evidence relative to the issuance of an Order pertaining to the following matters relating to the **James Lime Formation, Reservoir A and James Formation, Reservoir B**, in the Benson Field, DeSoto and Sabine Parishes, Louisiana.

1. To dissolve the drilling and production units designated as JL RA SUT and JL RA SUU, which were created by the Office of Conservation 496-D Series of Orders for the James Lime Formation, Reservoir A.
2. Simultaneously with the dissolution of the above said units, to create one (1) additional drilling and production unit to be designated as JAMES RB SUJ for the exploration for and production of gas and condensate from horizontal wells drilled to the James Formation, Reservoir B, as shown on the plat submitted with the application.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation.
4. To designate Pinnacle Operating Company, Inc. as operator of the unit to be created hereby.
5. To provide that special field spacing rules should be adopted for future horizontal wells drilled on the unit created herein which would provide: (a) that the penetration point and terminus of any lateral of any such horizontal well in the James Formation, Reservoir B, should be located no closer than 330 feet to any unit boundary; (b) that the average distance between the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the laterals are drilled shall not be less than 1,000 feet; (c) that the distance from any point along the productive portion of any lateral and those unit boundaries which run generally parallel to the direction in which the laterals are drilled shall not be less than 660 feet; and (d) that there be no well spacing limitations between wells other than that accomplished by application of the aforestated provisions.
6. To provide that the gas allowable provisions of Statewide Order No. 29-F, LAC 43:XIX.2101, et seq., should not apply to any horizontal wells drilled to the James Formation, Reservoir B, but that all such wells should be given an allowable based on the maximum efficient rate (MER) of the well, being the maximum sustainable daily withdrawal rate from the reservoir which will permit economical development and reservoir depletion without causing waste.

BENSON FIELD

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7. To provide that the existing unit for the James Lime Formation, Reservoir A, which is designated as JL RA SUBB, shall remain in force and effect with respect only to exploration and production from the existing vertically drilled well within said unit and such unit shall not apply to any future horizontal wells drilled to the James Formation, Reservoir B, within the unit to be hereby created.
8. To provide that any existing vertical well producing from the James Lime Formation, Reservoir A, within the unit referenced in Finding No. 7 above should be shut-in upon the spudding of a horizontal well drilled to the James Formation, Reservoir B, within the unit created herein, reference Finding No. 2 above, and upon completion of such horizontal well as a producer, said vertical producing well should be plugged and abandoned.
9. Except to the extent inconsistent herewith, to provide that the provisions of Office of Conservation Order No. 496-D, effective April 1, 1980, as amended and supplemented by subsequent Orders of the 496-D Series, shall apply to the unit created herein.
10. To consider such other matters as may be pertinent.

The James Lime Formation, Reservoir A and the James Formation, Reservoir B, in the Benson Field, DeSoto Parish, Louisiana, were fully defined in Office of Conservation Order No. 496-D, effective April 1, 1980.

A plat is available for inspection in the Office of Conservation in **Baton Rouge** and **Shreveport**, Louisiana or may be found at the following site:

www.dnr.state.la.us/CONS/CONSEREN/hearings/pubhearings.htm.

All parties having interest therein shall take notice thereof.

BY ORDER OF:

FELIX J. BOUDREAUX
COMMISSIONER OF CONSERVATION

Baton Rouge, La

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IF ACCOMMODATIONS ARE REQUIRED UNDER AMERICANS WITH DISABILITIES ACT, PLEASE ADVISE THE OFFICE OF CONSERVATION - ENGINEERING DIVISION AT P. O. BOX 94275, BATON ROUGE, LA 70804-9275 IN WRITING WITHIN TEN (10) WORKING DAYS OF THE HEARING DATE.